

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF SUSAN LESLIE)	APPEAL NO. 06-A-2541
DUNNING from the decision of the Board of Equalization of)	FINAL DECISION
Kootenai County for tax year 2006.)	AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing December 12, 2006, in Coeur d'Alene, Idaho, before Hearing Officer Steve Wallace. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Susan Dunning and Al Scartle appeared at hearing on behalf of Appellant. Chief Deputy Assessor Richard Houser and Appraiser Steven Hagler appeared for Respondent Kootenai County. This appeal is taken from a decision of the Kootenai County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. 50N05W-08-2500.

The issue on appeal is the market value of residential property.

The decision of the Kootenai County Board of Equalization is reversed.

FINDINGS OF FACT

The assessed land value is \$492,552, and the improvements' valuation is \$242,671, totaling \$735,223. Appellant requests the land value be reduced to \$208,250, and the improvements' value remain at \$242,671, totaling \$450,921.

The subject property is a 4.523 acre, riverfront parcel improved with a single family dwelling. It is located on the south side of the Spokane River, west of Post Falls, Idaho.

Appellant presented a newspaper article titled "River Among Most Polluted" which referred to the Spokane River fire retardant level pollution. Appellant explained the river flattens in front of subject, which is located below the dam. In the winter, the water flow is high and in the spring all of the rocks are exposed. Taxpayer claimed the river is definitely polluted from the treatment plant. The exposed rocks are a slimy smelly mess all spring and a crusty mess all summer.

Mr. Scartle did not understand how the first acre of subject could be worth \$408,000, or why the value of the subject increased from \$309,672 in 2005 to \$735,223 in 2006. Unlike the river above the dam, no motorized vessels or docks are allowed on this portion of the river, nor is it a good area to swim. Access to the river is by a path leading to vegetation and a rocky area. Mr. Scartle testified to starting a slash fire on the subject lot and how flames continued to shoot out of the crusty covered ground for two weeks. Considering these attributes Appellant maintains this is not pristine riverfront property and it is grossly overvalued.

Referencing the County's market adjustment analysis, Appellant noted there were 51 sales of rural improved property and the average sale price was \$486,532. The average site value was \$236,053. By comparison subject's total assessed value is \$735,223 (land value \$492,552 and improvements' value \$242,671.)

Three property sales and a Like Property Sales (Comparables) sheet from the Board of Equalization proceedings was submitted by Appellant.

Taxpayer alleged that in subject's area no property had sold for \$408,000 per acre and maintained only one improved residential property had sold. The \$440,000 local sale included 5.87 acres with a well and accessible river frontage and a residence. Appellant estimated a value for the 1,724 square foot house of \$90 per square foot, or \$155,160. When subtracted from the total sale price the land residual value would reflect \$48,524 per acre. On a like basis, subject is assessed at a rate of \$120,000 per acre.

Appellant testified another 75 acre river parcel, located close to subject, sold for \$1.25 million and an alleged rate per acre of \$15,000.

Appellant's Exhibit included two additional sales, 40 acres with accessible river frontage which sold in June 2005 for \$1.8 million, or \$45,000 per acre, and a .33 acre parcel which sold

in April 2005 for \$80,000, or \$240,000 per acre. The exhibit included a property titled "appraisal" in May 2006, this 4.9 acre property appraised for \$360,000. After deducting value for improvements, the remaining \$148,000 indicated a value per acre of \$30,204.

The County described the subject property and compared it to other riverfront properties from the Post Falls Dam westward to the Washington state line. It was explained these properties were assessed on a site value basis rather than on a per front foot basis. Respondent explained the last full appraisal of subject's area took place in 2003 for the 2004 assessment roll. During the revaluation, on-site inspections noted any changes to the property and updated information contained in the property records. At that time, characteristics of both improvements and land were noted including access, view and other factors which might impact value according to the Assessor.

Respondent explained how sales on the river, below the dam, were used in developing the revaluation assessment and subsequent year market adjustments. The assessed values for the original one acre sites were derived from sales which took place between April 2001 and May 2003. One 2004 and two 2005 sales were used to determine the market adjustments for the 2005 and 2006 tax years. The 2006 index applied to subject land was 400%, which the Assessor described as an intention to be conservative given the limited sales information.

Respondent commented on one early 2006 sale which included 5.871 acres and an improvement. The ratio of assessed value to sale price on this property was 95.76%. The desired ratio is typically 90% to 110%. Two 2006 listings were also analyzed, which indicated ratios between 42.8% and 71.7% of listing price.

Respondent could not make any determination concerning the pollution issue. The County also maintained noise from the river park across the river, watercraft, access and

swimming limitations were not unique to subject, but would apply to other properties in subject's area as well. It was explained these factors were specially considered during the original revaluation. Based on sales in the area at that time, adjustments would have been made where warranted.

Appellant noted none of Respondent's sales supported \$408,000 for a one acre site. Respondent explained the original 2004 one acre value was \$85,000. Market adjustments of 120% in 2005 and 400% in 2006 increased the subject first acre site value to \$408,000.

Respondent explained the base \$85,000 was an extraction from improved sales to determine what the imbedded site value was on an improved parcel. The site value was arrived at by subtracting a predetermined improvements value and a value for any acreage beyond one acre. The additional or extra acreage value was arrived at through a matched-pair analysis. Acreage size differences and economy of scale is considered with the excess acreage value, however the one acre site value is the same regardless of total parcel size.

Respondent noted that assessed values as projected on the exhibit "Information for Properties Below the Dam for 2006" were still below market prices where measurable even after the 2006 400% market adjustment.

In closing Appellant again noted there was no sales evidence for a \$408,000 acre site value. Appellant disagreed with Respondent that subject water frontage is not unique. It was noted to be the catch basin for all junk and much pollution. Subject's water frontage is nearly stagnant water while there is a current passing in front of other properties.

Respondent claimed no current market information was submitted by the Appellant. Two of the sales were the same sales presented by the Respondent.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Appellant presented 2005 sales information and compared the properties to subject. Appellant also presented several unique circumstances surrounding the waterfront of subject.

Respondent maintained that subject was not unique among other riverfront property located below the dam and that relevant property attributes had been reasonably considered. On appeal no specific comparison of sales was made to subject property. The emphasis was on the original neighborhood reappraisal and subsequent trends.

Property values must reflect current market conditions and price levels each year. However the Board is not persuaded that the trending of subject's last reappraisal value with limited sales data has produced a good estimate of market value. The trends were of a particularly high magnitude and based on a relatively small sample size. The property in subject's neighborhood is not highly similar. Given the suggested changes in the market since the last reappraisal we believe a more focused approach to subject's current market value is warranted.

Appellant presented a consideration of multiple sales and an analysis specifically tailored to the subject property. This included consideration of an improved, 5.87 acre \$440,000 sale in subject's area. According to Appellant the property "sold" in November 2005. Appellant subtracted \$155,000 for the 1,724 square foot residence (\$90 per square foot) leaving an indicated land value of \$285,000 for the 5.87 acres. This suggests a rate per acre for area land of about \$48,500. Respondent also referred to this sale but held the sale date was January 5,

2006 and therefore untimely for consideration in the 2006 tax year. In the County analysis \$80,057 was deducted for improvements, leaving a residual for the land of \$341,304 or about \$58,000 per acre.

The subject land is 4.523 acres and was assessed by the County at \$492,552 or about \$108,900 per acre. The County review of subject's neighborhood and associated assessments was necessary. The record reflects trending was indicated and pursued. However, on appeal and on the record before us, the Board finds it more likely than not subject is over-assessed. The error pertains to the value attributed to the land component.

The Board's jurisdiction on appeal concerns just the subject property and the current tax year. It is our considered opinion that Appellant has shown by a preponderance of the evidence that subject is not assessed for 2006 at its market value. We rely particularly on the price evidence and value analysis put forward by Appellant, having found Respondent's rather significant trending of historic values less persuasive.

The Board finds by a preponderance of the evidence Appellant has supported the claim for relief. Therefore, the Board will reverse the decision of the Kootenai County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Kootenai County Board of Equalization concerning the subject parcel be, and the same hereby is, reversed, lowering the assessed value of the land to \$208,250. There is no change to the improvements value at \$242,671. The subject parcel's total assessed value is therefor \$450,921.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those

determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

DATED this 27th day of April, 2007.